

Agri-Fundamentals

Soybean

NCDEX Soybean Nov futures see some fresh buying on Wednesday after closing low for almost 8 trading session. Market participants are expecting lower arrivals in the physical market because of festival season in coming weeks. In a press release SOPA, has estimated 2017-18 (Oct-Sep) soybean output at 9.15 mt, down from 11.49 mt a year ago.

Moreover, lower on reports of lower meal exports in September coupled with sufficient arrivals from new season crop is pressurizing the prices. India's soymeal exports during September were at 9,650 tn, down 21% from a year ago. Moreover, huge carryover stocks also weigh on prices. The arrival of soybean during first 10 days of October was 2.91 lakh tonnes which is higher compared to last year arrivals (1.75 lt) for the same period.

U.S. soybean futures closed fractionally lower on Wednesday as market participants eyeing monthly supply/demand reports from the USDA. The USDA reported U.S. soybean harvest was 36 % complete, behind the five-year average of 43 %. Private export sales of 264,000 MT to China and 132,000 MT to unknown destinations were reported this morning, both for 17/18 delivery. According to Celeres, World ending stocks are projected to be slightly lower in Thursday's WASDE to report 97.2 mt. Brazil's 17/18 soybean crop is expected to drop to 109.8 mt

RMseed (Mustard seed)

Mustard Nov futures closed lower on Wednesday after two days of higher closing mainly due to profit booking. The fall was restricted on reports of good meal exports during the first 6 months of new financial year and increasing demand for winter crushing. Reports of higher stock levels in the country and good physical demand from the oil mills is keeping the price steady.

There are improved mustard meal exports in first 6 month of FY 2017/18. Country exported 242,661 tonnes mustard meal during this period which is 76.4% higher on year. As per data compiled by Mustard Oil Producers Association of India, Oil mills across the country crushed 425,000 tn of mustard seed in September, down around 6% from previous month.

Outlook

Soybean futures are expected to trade on sideways as new season arrivals may keep pressure on prices. However, on reports that government is expected to step in for procurement of soybean in Maharashtra and Rajasthan to help farmers. Lower acreage in the country and improved prices of edible oil may support prices.

Mustard seed futures expected to trade sideways to higher due to rebound in physical demand from the oil mills. It is expected that there will be good demand for crushing in the winter. However, higher carryover stocks can keep the prices under pressure.

Technical Levels

Contract	Unit	Support	Resistance
Soybean NCDEX Nov'17	₹/qtl	2860-2880	2925-2950
Mustard NCDEX Nov'17	₹/qtl	3780-3810	3855-3880

Market Highlights – Oilseeds

	Unit	Last	Prev day	WoW	MoM	YoY
% Change						
Soybean Spot- NCDEX - Indore	R/10 kg	2872	0.98	-2.21	-6.45	-5.37
Soybean- NCDEX Nov'17	R/10 kg	2910	0.55	-2.09	-6.91	-7.98
Soybean-CBOT Nov'17	USc/lb	965	-0.08	-0.31	0.34	0.94
RM Seed Spot- NCDEX	MYR/Tn	3900	0.00	0.00	-1.89	-17.02
RM Seed- NCDEX Nov'17	R/10 kg	3829	-0.36	0.16	-2.30	-18.51
Rapeseed-WCE	CAN \$/Tn	494	-0.34	-0.34	0.78	2.79

Price Chart –Soybean



Price Chart –Rmseed



Source: Reuters

Refine Soy Oil

Refined Soy Oil Nov futures closed slightly higher on Wednesday but the prices have been trading in tight range. Sufficient stock of edible oil at ports is weighing on futures.

Soy oil the prices in physical market is falling as stockists have good stocks ahead of festival season. Government kept the base import price of crude soyoil was kept unchanged at \$851/tonnes for the first half of October.

The government revises the base import prices every fortnight, based on global prices and changes in foreign exchange rate. Prices were last revised on Sep 15.

Crude Palm oil

MCX CPO closed higher on Wednesday due to some recovery seen in palm oil at Bursa Malaysia Derivatives. Moreover, higher supplies in the domestic market are keeping the prices in tight range.

The prices have been supported at higher levels due to increase in tariff value for the first half of October. The government increased the base import price of all palm oils, with the steepest hike of \$30 per tn for refined, bleached and deodorised palm oil.

The stock of CPO as on 1st Sept., 2017 at various ports is estimated at 3.4 lakh tonnes compared to 2.7 lakh tonnes in previous month. According to SEA release, during November-August period, crude palm oil import increased to 50.82 lt from 46.70 lt during the same period of the previous oil year.

Malaysian palm oil ended slightly higher on Wednesday, supported by a stronger export outlook and technical buying, but the gains were capped by expectations of rising production in October. Cargo surveyor Intertek Agri Services on Tuesday reported Malaysia's palm oil exports during Oct 1-10 at 448,349 tonnes, up 18% on month, while SGS reported a 16.5% rise in exports at 462,082 tonnes.

Market players are concerned about much higher production in Malaysia for the October month. Rising output could contribute to gains in inventory levels, which hit the 2 mt mark at end-September which is highest in last 19-months.

Outlook

We expect **Ref Soy oil** to trade sideways on mixed fundamentals of good physical demand due to festival season coupled with seasonal arrivals of oilseed and higher imports of edible oil.

CPO futures may trade sideways on weak international prices but good festive demand and higher import duty for edible oil may keep the prices supportive. Higher stocks levels and weak Rupees may keep prices lower.

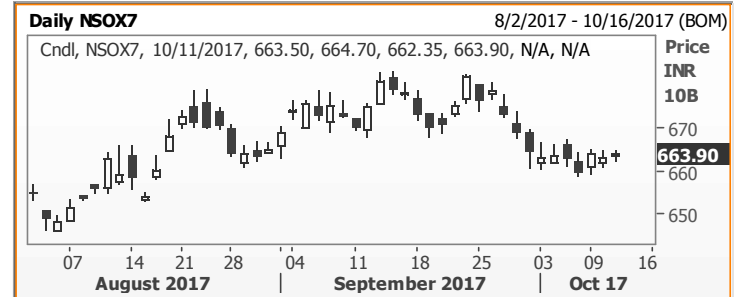
Technical Levels

Contract	Unit	Support	Resistance
Ref Soy Oil NCDEX Oct'17	₹/qtl	657-661	666-669
CPO MCX Oct'17	₹/qtl	533-536	542-545

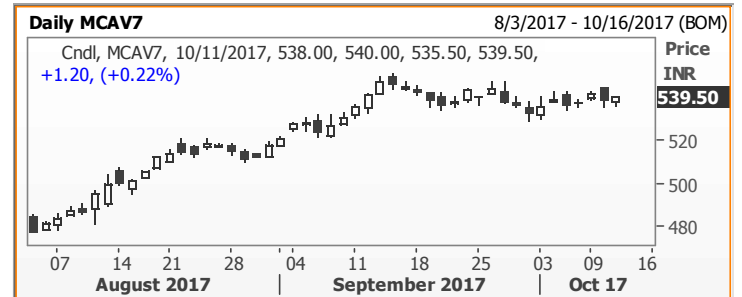
Market Highlights – Edible Oils

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Ref Soyoil Spot - Mumbai	R/10 kgs	653.9	-0.86	-1.67	-3.13	0.6	
Ref Soy oil- NCDEX Nov'17	R/10 kgs	663.9	0.08	0.11	-1.40	-2.7	
Soybean Oil- CBOT- Dec'17	USc/lbs	33.15	0.12	0.45	-5.12	0.0	
CPO-Bursa Malaysia - Dec'17	MYR/T	2696	0.07	-0.88	-2.39	2.5	
CPO- MCX – Oct'17	R/10 kg	539.5	0.26	0.60	1.73	0.0	

Price Chart –Ref Soy Oil



Price Chart –Crude Palm Oil



Source: Reuters

Sugar

Sugar Futures closed unchanged on Wednesday. There are reports that the crushing will be delayed in UP as well as Maharashtra coupled with festival demand. As per a senior industry official said today Mills in Uttar Pradesh are likely to delay crushing operations for 2017-18 (Oct-Sep) season to the last week of October due to poor sugar recovery from cane. The production in the country will jump 24% in 2017/18 to around 25 mt.

ICE March raw sugar settled up 0.90% after data showed top grower Brazil crushed less-than-expected amounts of cane in the second half of September. Mills in Brazil's Centre-South region produced 2.85mt to of sugar in the second fortnight of September, down 3.9% compared with 2.96 mt produced in the year-ago period.

Outlook

Sugar futures may trade sideways on good festive demand and delay in crushing, but forecast of higher production and good availability of sugar with the mills may keep the prices steady.

Technical Levels

Contract	Unit	Support	Resistance
Sugar NCDEX Dec'17	₹/qtl	3360-3380	3420-3440

Cotton / Kapas

MCX Cotton Oct futures continue to trade higher on good demand for new season cotton and reports of good exports demand for Indian cotton from the Asian countries. Moreover, wet weather in the states like Telangana may damage ready to harvest cotton which may further cut down on production.

According to the first advance estimates for 2017-18 released by the government, India's 2017-18 (Jul-Jun) cotton output is pegged at 322.7 lakh bales (1 bale = 170 kg), down 2.5% from 330.9 lakh bales in 2016-17.

ICE cotton futures edged lower on Wednesday as the market players awaited a closely watched monthly crop supply and demand report, which is expected to reflect damages from the recent hurricanes in the United States.

Analysts are expecting US projected production for 17/18 will be lowered 0.45 million bales to 21.31 million bales in Thursday's USDA report. Moreover, USDA reported that the US cotton harvest was 25% complete as of October 8, ahead of the average of 19%. China's government placed their cotton import quota for 2018 at 894,000 MT, matching with this year and also 2016.

Outlook

Cotton futures are expected trade sideways to higher on reports of lower than expected crop size, cci procurement and improved exports demand for Indian cotton. However, expectation of good production and carryover stocks for the next season may keep domestic prices steady during the arrival seasons.

Technical Levels

Contract	Unit	Support	Resistance
Kapas NCDEX Apr '18	₹/20 kgs	877-883	896-902
Cotton MCX Oct'17	₹/bale	19000-19100	19550-19800

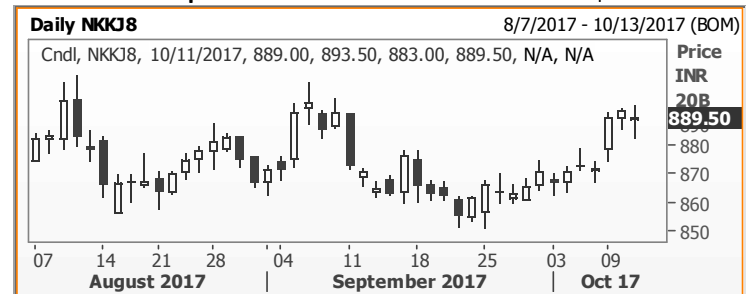
Market Highlights - Sugar & Cotton

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
NCDEX Sugar M-							
Dec'17	R/qtl	3400	0.0	1.5	1.5	6.6	
ICE-Europe Sugar No 5-							
Mar'18	\$/tonne	377.8	0.9	0.3	-1.9	-36.3	
ICE-US Sugar No 11-							
Mar'18	\$/tonne	14.3	0.9	-0.6	-2.3	-37.6	
NCDEX Kapas Apr '18	R/20 kgs	889.5	-0.28	1.89	-0.22	0.51	
MCX Cotton Oct'17	Rs/Bale	19270	0.10	3.55	0.10	1.64	
ICE Cotton Dec '17	Usc/Lbs	68.73	-0.32	0.67	-7.86	-0.84	
Cotton ZCE	Yuan/ton	15035	0.33	#N/A	-3.93	-0.30	

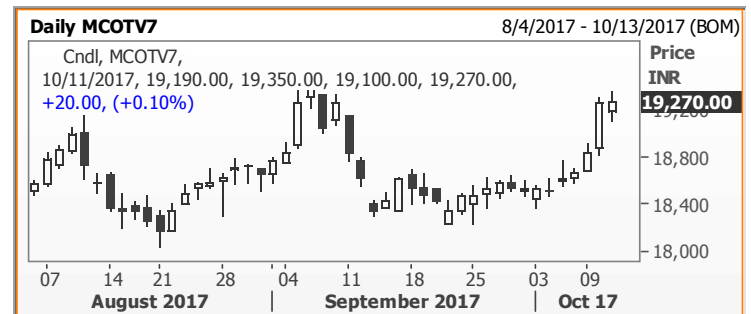
Price Chart – Sugar M



Price Chart – Kapas-NCDEX



Price Chart – Cotton- MCX



Source: Reuters

Spices (Jeera & Turmeric)

NCDEX Jeera closed higher on Wednesday due to fresh buying seen in the contract on expectation that the demand may resume. Currently there is subdued demand from the physical players due to weak exports demand. **As per government data, Jeera exports during first four month of FY 2017/18 (Apr-Jul) is 49,205 tonnes, down 11% compared to last year exports volume for the same period.** India's jeera exports in Jul down 12% on year to 7,498 tn.

The arrivals have been higher during first 10 days of October at 1,873 tonnes compared to 625 tonnes last year same period according to Agmarknet data .

Turmeric futures for Nov delivery jumped higher due to short covering by the market participants. The trend looks sideways to lower due to beneficial rains in the southern peninsula.

The export of turmeric is down by 16.4% to 41,517 tonnes for the first 4 month of FY 2017/18 compared to last years' exports. For 2017/18, turmeric sowing in Telangana, this season down 1.5% to 44,956 hectares as compared to last year acreage of 45,633 hectares.

Outlook

We expect **Jeera** Nov futures expected to trade sideways due to higher supplies in the physical market. Higher stocks in the NCDEX warehouse coupled with weak physical demand at higher prices are also pressurizing prices. Moreover, lower exports may also keep the prices under pressure.

Turmeric futures expected to trade sideways on anticipation of good production from turmeric growing areas in Telangana and Karnataka. However, the prices may rise if there is damage in turmeric fields in Telangana due to recent heavy rains.

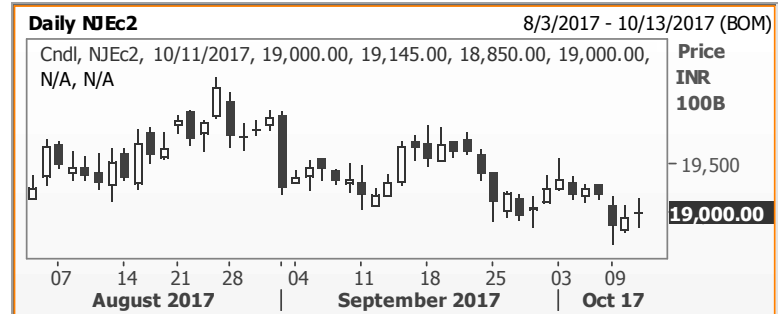
Technical Levels

	Unit	Support	Resistance
Jeera NCDEX Nov'17	₹/qtl	18700-18850	19150-19300
Turmeric NCDEX Nov'17	₹/qtl	7250-7350	7550-7650

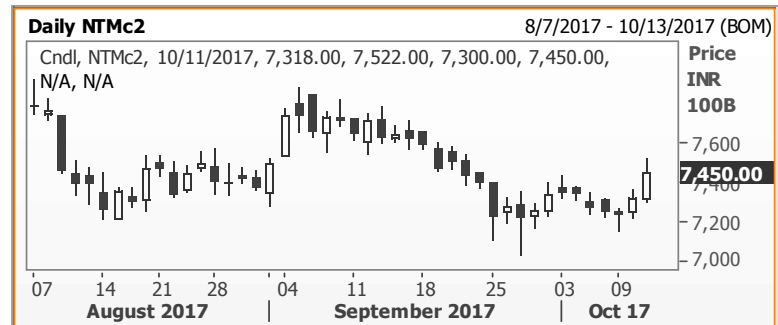
Market Highlights - Spices

	Unit	Last	Prev day	WoW	MoM	YoY	% Change
Jeera Spot- NCDEX -							
Unjha	R/qtl	18850	0.09	-0.31	-3.03	7.95	
Jeera- NCDEX Nov'17	R/qtl	19000	0.26	-1.25	-2.16	10.03	
Turmeric Spot- NCDEX							
Turmeric- NCDEX	R/qtl	7433	0.72	0.98	-4.56	-0.52	
Nov'17	R/qtl	7450	1.72	2.34	-4.59	4.90	

Technical Chart – Jeera



Price Chart – Turmeric



Source: Reuters

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